



INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

March 31, 2018

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Lufkin is in compliance with the Public Funds Investment Act and the City of Lufkin Investment Policy and Strategies.

[REDACTED]
City Manager

[REDACTED]
Deputy City Manager

[REDACTED]
Director of Finance

[REDACTED]
Senior Accountant

Disclaimer: These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields, and do not account for investment advisor fees.

Summary

Quarter End Results by Investment Category:

Asset Type	Ave. Yield	March 31, 2018		December 31, 2017	
		Book Value	Market Value	Book Value	Market Value
DDA/MMA/Pools	1.32%	\$ 8,753,517	\$ 8,753,517	\$ 11,465,354	\$ 11,465,354
Securities/CDs	1.63%	37,005,000	37,005,000	30,505,000	30,505,000
Totals		\$ 45,758,517	\$ 45,758,517	\$ 41,970,354	\$ 41,970,354

Current Quarter Average Yield (1)

Total Portfolio 1.57%

Rolling Three Mo. Treas. Yield 1.58%

Rolling Six Mo. Treas. Yield 1.58%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio 1.39%

Rolling Three Mo. Treas. Yield 1.40%

Rolling Six Mo. Treas. Yield 1.42%

Quarterly TexPool Yield 1.35%

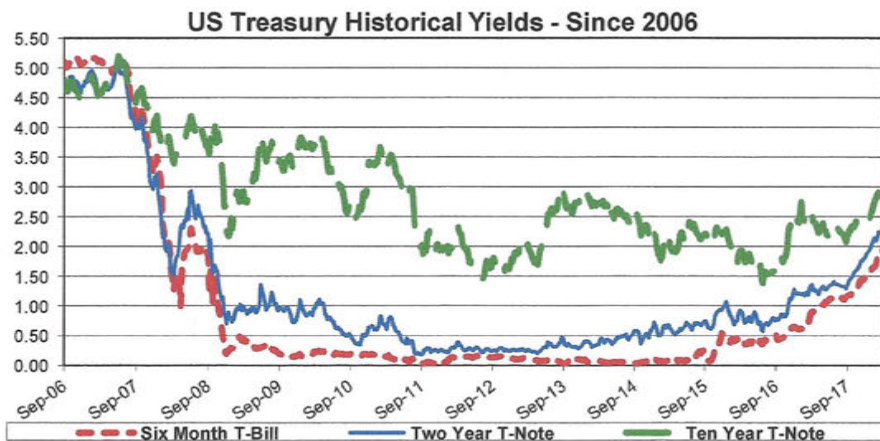
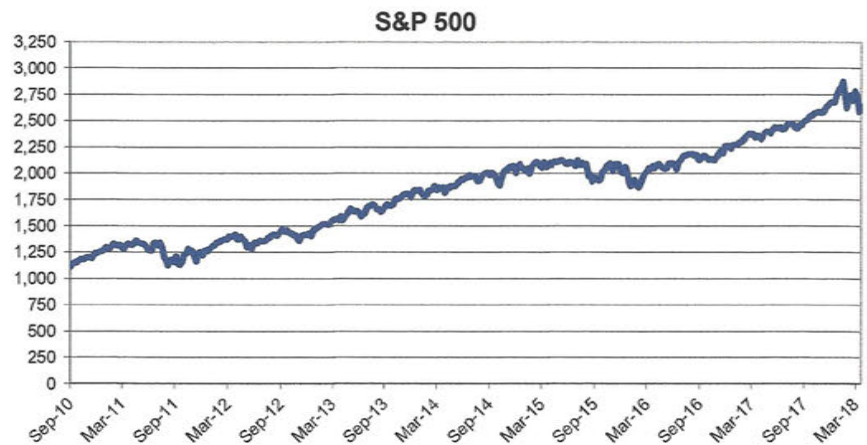
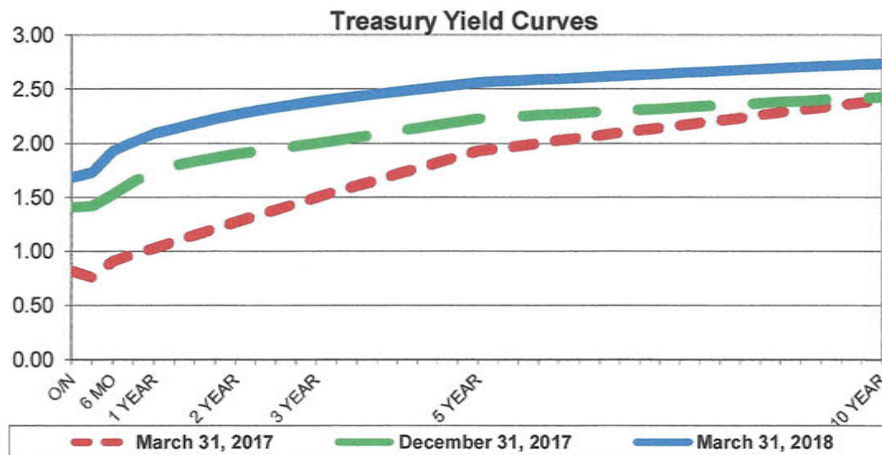
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

Economic Overview

3/31/2018

The Federal Open Market Committee (FOMC) increased the Fed Funds target range 0.25% to 1.50% - 1.75% (Effective Fed Funds are trading +/-1.68%). Two to three additional increases are projected for 2018 (although subject to economic activity). Gradual portfolio reduction continues by limiting reinvestment of maturing holdings. Fourth Quarter 2017 GDP measured 2.9% (third/final estimate). February Non Farm Payroll data jumped +313k (well above the expected +205k). The Three Month Average increased to +242k. World events raised some uncertainty (Korea, Russia, Middle East). WTI Crude oil maintained +/- \$65. The Stock Markets waffled 5% to 10% below recent highs. The post-FOMC meeting press release pointed to continuing and frequent rate increases.



Investment Holdings

March 31, 2018

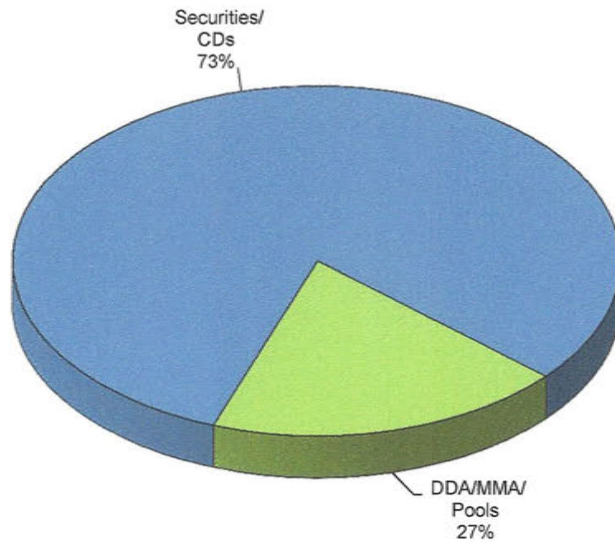
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Purchased Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.15%	04/01/18	03/31/18	\$ 2,245,536	\$ 2,245,536	\$ 2,245,536	1	\$ 2,245,536	1	0.15%
DDA Debit Card		0.00%	04/01/18	03/31/18	99,262	99,262	99,262	1	99,262	1	0.00%
TexPool	AAAm	1.52%	04/01/18	03/31/18	1,549,581	1,549,581	1,549,581	1	1,549,581	1	1.52%
TexSTAR	AAAm	1.50%	04/01/18	03/31/18	149,609	149,609	149,609	1	149,609	1	1.50%
Southside Bank MMA		1.64%	04/01/18	03/31/18	2,149,822	2,149,822	2,149,822	1	2,149,822	1	1.64%
BTH Bank MMA		2.00%	04/01/18	03/31/18	2,559,707	2,559,707	2,559,707	1	2,559,707	1	2.00%
BTH Bank CD		1.05%	04/21/18	04/21/16	2,000,000	2,000,000	2,000,000	100	2,000,000	21	1.05%
LegacyTexas Bank CD		1.10%	05/20/18	05/20/16	2,000,000	2,000,000	2,000,000	100	2,000,000	50	1.10%
Landmark Bank CD		1.27%	07/18/18	05/18/17	2,000,000	2,000,000	2,000,000	100	2,000,000	109	1.27%
Wallis State Bank CD		1.22%	08/08/18	02/20/17	2,000,000	2,000,000	2,000,000	100	2,000,000	130	1.22%
Wallis State Bank CD		1.26%	08/10/18	01/05/17	2,000,000	2,000,000	2,000,000	100	2,000,000	132	1.26%
BTH Bank CD		1.11%	09/17/18	09/19/16	2,000,000	2,000,000	2,000,000	100	2,000,000	170	1.11%
Southside Bank CD		1.32%	10/31/18	04/28/17	2,000,000	2,000,000	2,000,000	100	2,000,000	214	1.32%
Herring Bank CDARS		1.20%	12/08/18	12/08/16	1,760,000	1,760,000	1,760,000	100	1,760,000	252	1.20%
Wallis State Bank CD		1.40%	02/25/19	02/23/17	2,000,000	2,000,000	2,000,000	100	2,000,000	331	1.40%
Wallis State Bank CD		1.55%	03/13/19	03/13/17	2,000,000	2,000,000	2,000,000	100	2,000,000	347	1.55%
Southside Bank CD		1.48%	04/30/19	04/28/17	2,000,000	2,000,000	2,000,000	100	2,000,000	395	1.48%
Texas Security Bank CD		1.55%	05/31/19	05/31/17	2,000,000	2,000,000	2,000,000	100	2,000,000	426	1.55%
LegacyTexas Bank CD		1.70%	07/17/19	07/17/17	1,000,000	1,000,000	1,000,000	100	1,000,000	473	1.70%
Texas Bank CD		1.10%	07/28/19	07/28/17	245,000	245,000	245,000	100	245,000	484	1.10%
East West Bank CD		2.28%	08/20/19	03/20/18	2,000,000	2,000,000	2,000,000	100	2,000,000	507	2.28%
East West Bank CD		2.39%	11/20/19	03/20/18	2,000,000	2,000,000	2,000,000	100	2,000,000	599	2.39%
Origin Bank CD		1.94%	12/05/19	12/05/17	2,000,000	2,000,000	2,000,000	100	2,000,000	614	1.94%
LegacyTexas Bank CD		2.33%	01/20/20	01/31/18	2,000,000	2,000,000	2,000,000	100	2,000,000	660	2.33%
LegacyTexas Bank CD		2.33%	02/03/20	02/02/18	2,000,000	2,000,000	2,000,000	100	2,000,000	674	2.33%
East West Bank CD		2.45%	03/20/20	03/30/18	2,000,000	2,000,000	2,000,000	100	2,000,000	720	2.45%
					\$ 45,758,517	\$ 45,758,517	\$ 45,758,517				
								\$ 45,758,517	289	1.57%	
									(1)	(2)	

(1) **Weighted average life** - For purposes of calculating weighted average life, TexPool, TexSTAR, and Money Market investments are assumed to have a one day maturity.

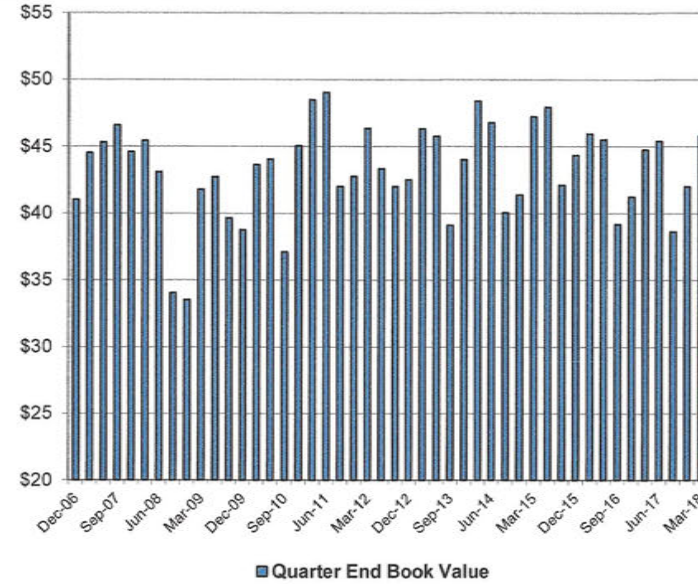
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.

(3) **Earnings Credit Rate** - The City's DDA accrues earnings credit to offset service charges and fees. Rate estimated.

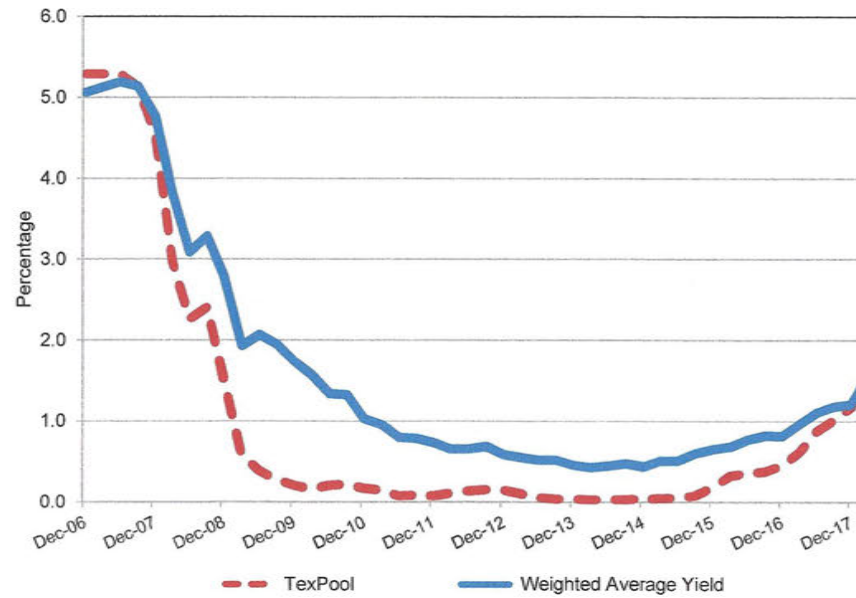
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	December 31, 2017		Purchases/ Adjustments	Sales/Adjust/ Maturities	March 31, 2018	
			Par Value	Book Value			Par Value	Book Value
DDA	0.15%	04/01/18	\$ 4,845,337	\$ 4,845,337	\$ —	\$ (2,599,801)	\$ 2,245,536	\$ 2,245,536
DDA Debit Card	0.00%	04/01/18	100,539	100,539		(1,277)	99,262	99,262
TexPool	1.52%	04/01/18	1,681,699	1,681,699		(132,118)	1,549,581	1,549,581
TexSTAR	1.50%	04/01/18	149,100	149,100	508		149,609	149,609
Southside Bank MMA	1.64%	04/01/18	2,141,798	2,141,798	8,024		2,149,822	2,149,822
BTH Bank MMA	2.00%	04/01/18	2,546,882	2,546,882	12,826		2,559,707	2,559,707
BTH Bank CDARS	1.10%	01/25/18	1,500,000	1,500,000		(1,500,000)	—	—
BTH Bank CD	1.10%	03/17/18	2,000,000	2,000,000		(2,000,000)	—	—
BTH Bank CD	1.05%	04/21/18	2,000,000	2,000,000			2,000,000	2,000,000
LegacyTexas Bank CD	1.10%	05/20/18	2,000,000	2,000,000			2,000,000	2,000,000
Landmark Bank CD	1.27%	07/18/18	2,000,000	2,000,000			2,000,000	2,000,000
Wallis State Bank CD	1.22%	08/08/18	2,000,000	2,000,000			2,000,000	2,000,000
Wallis State Bank CD	1.26%	08/10/18	2,000,000	2,000,000			2,000,000	2,000,000
BTH Bank CD	1.11%	09/17/18	2,000,000	2,000,000			2,000,000	2,000,000
Southside Bank CD	1.32%	10/31/18	2,000,000	2,000,000			2,000,000	2,000,000
Herring Bank CDARS	1.20%	12/08/18	1,760,000	1,760,000			1,760,000	1,760,000
Wallis State Bank CD	1.40%	02/25/19	2,000,000	2,000,000			2,000,000	2,000,000
Wallis State Bank CD	1.55%	03/13/19	2,000,000	2,000,000			2,000,000	2,000,000
Southside Bank CD	1.48%	04/30/19	2,000,000	2,000,000			2,000,000	2,000,000
Texas Security Bank CD	1.55%	05/31/19	2,000,000	2,000,000			2,000,000	2,000,000
LegacyTexas Bank CD	1.70%	07/17/19	1,000,000	1,000,000			1,000,000	1,000,000
Texas Bank CD	1.10%	07/28/19	245,000	245,000			245,000	245,000
East West Bank CD	2.28%	08/20/19	—	—	2,000,000		2,000,000	2,000,000
East West Bank CD	2.39%	11/20/19	—	—	2,000,000		2,000,000	2,000,000
Origin Bank CD	1.94%	12/05/19	2,000,000	2,000,000			2,000,000	2,000,000
LegacyTexas Bank CD	2.33%	01/20/20	—	—	2,000,000		2,000,000	2,000,000
LegacyTexas Bank CD	2.33%	02/03/20	—	—	2,000,000		2,000,000	2,000,000
East West Bank CD	2.45%	03/20/20	—	—	2,000,000		2,000,000	2,000,000
TOTAL			\$ 41,970,354	\$ 41,970,354	\$ 10,021,358	\$ (6,233,196)	\$ 45,758,517	\$ 45,758,517

Market Value Comparison

Investment Description	Coupon/Discount	Maturity Date	December 31, 2017		Qtr to Qtr Change	March 31, 2018	
			Par Value	Market Value		Par Value	Market Value
DDA	0.15%	04/01/18	\$ 4,845,337	\$ 4,845,337	\$ (2,599,801)	\$ 2,245,536	\$ 2,245,536
DDA Debit Card	0.00%	04/01/18	100,539	100,539	(1,277)	99,262	99,262
TexPool	1.52%	04/01/18	1,681,699	1,681,699	(132,118)	1,549,581	1,549,581
TexSTAR	1.50%	04/01/18	149,100	149,100	508	149,609	149,609
Southside Bank MMA	1.64%	04/01/18	2,141,798	2,141,798	8,024	2,149,822	2,149,822
BTH Bank MMA	2.00%	04/01/18	2,546,882	2,546,882	12,826	2,559,707	2,559,707
BTH Bank CDARS	1.10%	01/25/18	1,500,000	1,500,000	(1,500,000)	—	—
BTH Bank CD	1.10%	03/17/18	2,000,000	2,000,000	(2,000,000)	—	—
BTH Bank CD	1.05%	04/21/18	2,000,000	2,000,000		2,000,000	2,000,000
LegacyTexas Bank CD	1.10%	05/20/18	2,000,000	2,000,000		2,000,000	2,000,000
Landmark Bank CD	1.27%	07/18/18	2,000,000	2,000,000		2,000,000	2,000,000
Wallis State Bank CD	1.22%	08/08/18	2,000,000	2,000,000		2,000,000	2,000,000
Wallis State Bank CD	1.26%	08/10/18	2,000,000	2,000,000		2,000,000	2,000,000
BTH Bank CD	1.11%	09/17/18	2,000,000	2,000,000		2,000,000	2,000,000
Southside Bank CD	1.32%	10/31/18	2,000,000	2,000,000		2,000,000	2,000,000
Herring Bank CDARS	1.20%	12/08/18	1,760,000	1,760,000		1,760,000	1,760,000
Wallis State Bank CD	1.40%	02/25/19	2,000,000	2,000,000		2,000,000	2,000,000
Wallis State Bank CD	1.55%	03/13/19	2,000,000	2,000,000		2,000,000	2,000,000
Southside Bank CD	1.48%	04/30/19	2,000,000	2,000,000		2,000,000	2,000,000
Texas Security Bank CD	1.55%	05/31/19	2,000,000	2,000,000		2,000,000	2,000,000
LegacyTexas Bank CD	1.70%	07/17/19	1,000,000	1,000,000		1,000,000	1,000,000
Texas Bank CD	1.10%	07/28/19	245,000	245,000		245,000	245,000
East West Bank CD	2.28%	08/20/19	—	—	2,000,000	2,000,000	2,000,000
East West Bank CD	2.39%	11/20/19	—	—	2,000,000	2,000,000	2,000,000
Origin Bank CD	1.94%	12/05/19	2,000,000	2,000,000		2,000,000	2,000,000
LegacyTexas Bank CD	2.33%	01/20/20	—	—	2,000,000	2,000,000	2,000,000
LegacyTexas Bank CD	2.33%	02/03/20	—	—	2,000,000	2,000,000	2,000,000
East West Bank CD	2.45%	03/20/20	—	—	2,000,000	2,000,000	2,000,000
TOTAL			\$ 41,970,354	\$ 41,970,354	\$ 3,788,163	\$ 45,758,517	\$ 45,758,517

FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	12/31/2017	3/31/2018
101	GENERAL FUND	\$ 10,422,520	\$ 13,592,681
206	CONVENTION CENTER -HOTEL/MOTEL TAX FUND	1,679	12,816
217	PROPERTY INSURANCE LOSS FUND	103,810	69,994
221	SPECIAL RECREATION FUND	100,273	130,725
225	PINES THEATER SPECIAL EVENTS FUND	(34,920)	(23,120)
226	ELLEN TROUT ZOO FUND	1,591,764	1,603,405
227	POLICE FORFEITURE FUND	235,679	270,567
228	COURT SECURITY/TECHNOLOGY FUND	13,463	20,726
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	18,685	18,759
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	34,812	41,767
241	ANIMAL CONTROL - KURTH GRANT	57,726	57,534
242	ANIMAL'S ATTIC GIFT SHOP	43,505	48,770
250	POLICE GRANTS & PROPERTY	101,354	133,282
251	FIRE GRANTS	(407)	(846)
252	FEMA FUNDED GRANTS	24,512	24,595
290	ECONOMIC DEVELOPMENT	1,910,599	1,403,780
295	LCVB FUND	327,035	350,477
300	GF STREET CONSTRUCTION FUND	142,324	133,718
308	CONVENTION CENTER - EDI	94,627	94,697
313	2010 CAPITAL IMPROVEMENTS FUND	50,981	52,825
314	2012 CAPITAL IMPROVEMENTS FUND	127,856	128,364
340	TEXAS CAPITAL GRANT FUND	53	53
348	SOLID WASTE DEPRECIATION	603,019	603,463
357	2009 WATER/SEWER CO'S	260,841	261,878
358	2013 WWATER/SEWER CO'S	1,354,168	1,306,810
380	WATER & WASTEWATER DEPRECIATION	7,708,575	8,016,283
401	GENERAL OBLIGATION DEBT SERVICE	3,659,132	4,916,949
451	REVENUE BOND DEBT SERVICE	1,632	1,638
501	WATER/WASTEWATER FUND	2,504,313	2,589,744
548	SOLID WASTE DISPOSAL FUND	4,568,941	4,569,858
615	HEALTH INSURANCE - ACTIVE	3,897,308	3,878,792
616	RETIREEES HEALTH INSURANCE FUND	90,676	59,850
641	EQUIPMENT ACQ & REPLACEMENT FUND	1,957,241	1,389,470
747	MEDICAL SAVINGS FUND	(3,529)	(1,893)
TOTAL POOLED CASH & INVESTMENTS		\$ 41,970,354	\$ 45,758,517